Government of Saskatchewan

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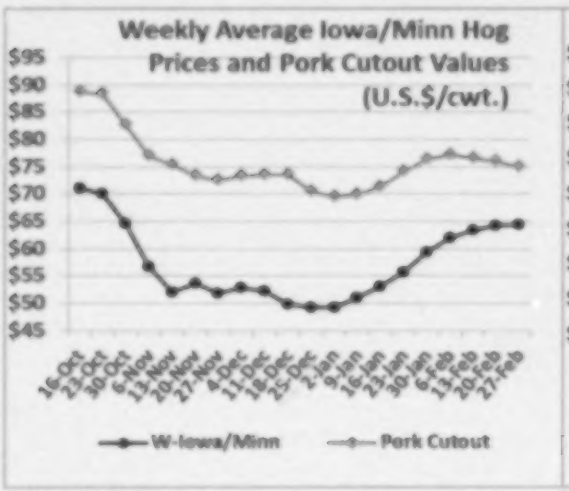
Weekly Hog Report

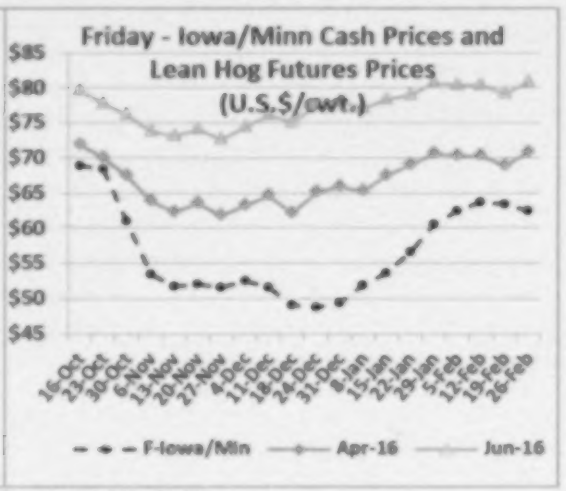
February 29, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were higher mid-week before declining Friday to end the week lower, week-over-week. Hog prices on Friday Feb. 26 averaged US$62.41 per cwt, down US$0.99 per cwt from US$63.40 per cwt the previous Friday. The negotiated base price last week averaged US$64.35 per cwt, up US$0.24 per cwt or 0.4 per cent from US$64.11 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

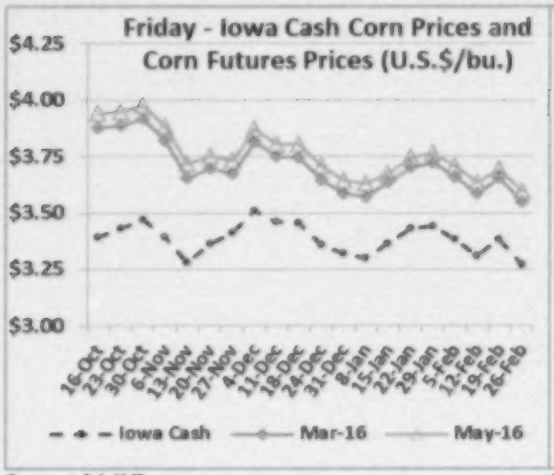
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday February 26, 2016 was $161.32 per ckg, up $1.92 per ckg or 1.2 per cent from $159.40 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $159.53 per ckg, down $1.22 per ckg from the previous weeks' average price of $160.75 per ckg. The Canadian dollar continued higher on stronger financial markets last week and closed Friday at 74.00 cents, up 1.37 cents from 72.63 the previous Friday.

Futures Markets

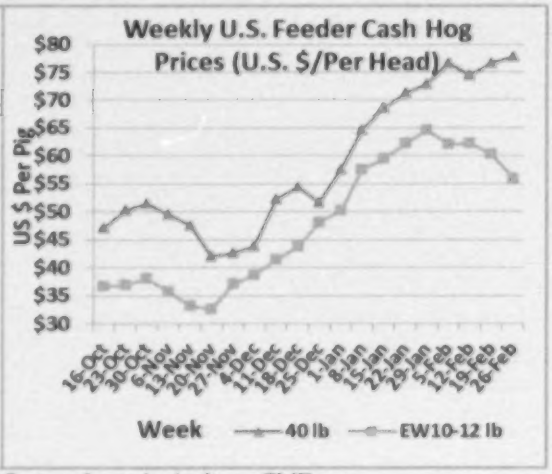
United States lean hog futures daily prices were primarily higher over the week to end the week higher, week-over-week. The nearby April 2016 contract increased US$1.950 per cwt last week to settle Friday at US$70.85 per cwt, while the June 2016 contract increased US$1.70 per cwt to settle Friday at US$80.85 per cwt. The April contract settled Friday over US$8 per cwt higher than current cash slaughter weight prices while the June lean hog futures contract settled over US$18 per cwt higher cash prices.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were again mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$56.04 per head, down US$4.31 per head from US$60.35 per head the previous week. Feeders (40lb) were US$77.72 per head, up $1.24 per head from US$76.48 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices were lower last week as USDA estimated further increases in next year year-end corn inventory levels. U.S. Iowa cash corn prices declined eleven cents to settle Friday at US$3.27 per bushel. U.S. daily corn futures prices were lower every day except Monday to end lower, week-over-week. The March 2016 corn contract declined eleven cents to settle Friday at $3.54½ per bushel, while the May 2016 corn contract declined almost ten cents to settle Friday at US$3.59½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending February 27 were estimated 2.211 million head, down 3.6 per cent from 2.294 million head the previous week, and down 2.1 per cent from 2.259 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending Feb. 27 averaged 2.240 million head per week, down 0.6 per cent from 2.254 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Feb. 20, 2016 were estimated at 393,061 head, down 6.5 per cent from 420,515 head the previous week, and down 4.9 per cent from 413,125 head the same week a year ago.

In Western Canada, hogs slaughtered over the week ending February 20, 2016 were estimated at 153,397 head, down 9.4 per cent from 169,276 head the previous week, and down 7.6 per cent from 165,959 head the same week a year ago. Monday was a holiday in some provinces like Saskatchewan bringing weekly hog slaughter numbers down.

Meat Production
U.S. pork production for the week ending February 27, 2016 was estimated at 470.1 million lb., down 3.7 per cent from 488.3 million lb. the previous week, and down 2.9 per cent from 483.9 million lb. the same week a year ago. Pork production over the last four week's ending February 27 was estimated to average 476.9 million lb., down 1.4 per cent from 483.7 million lb. over the same four week period a year ago.

U.S. beef production for the week ending February 27 was estimated at 442.5 million lb., up 2.2 per cent from 432.8 million lb. the previous week, and up 3.1 per cent from 429.3 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending February 20, 2016, was estimated to average 2.050 billion lb., up 2.6 per cent from 1.997 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up about 2.3 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Feb. 20) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	483.5	483.0	-0.1%	1.3%
Beef	444.7	450.5	1.3%	2.5%
Chicken	940.3	986.9	5.0%	3.0%
Turkey	128.4	129.3	0.7%	-0.1%
Total	**1,996.8**	**2,049.7**	**2.65%**	**2.29%**

Source: LMIC

Cutout Values
U.S. pork cutout values for the week ending February 27, 2016 averaged US$74.93 per cwt, down US$1.04 per cwt or 1.4 per cent from US$75.97 per cwt the previous week, but up 6.8 per cent from US$70.14 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending February 27, 2016 averaged US$216.51 per cwt, up 1.3 per cent from US$213.84 per cwt the previous week, but down 11.7 per cent from US$245.28 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending February 27, 2016 averaged US$104.96 per cwt, down 3.3 per cent from US$108.53 per cwt the previous week, and down 24.0 per cent from US$138.09 per cwt the same week a year ago.

Meat In U.S. Cold Storage
USDA released the latest U.S. cold storage numbers on February 23, 2016. The United States' pork stocks in cold storage totaled 637.0 million lb. on January 31, 2016, up 16.7 per cent from 545.7 million lb. on December 31, 2015, and up 6.9 per cent from 595.7 million lb. on January 31, 2015. U.S. pork in cold storage for January 2016 was at the highest level over the last ten years for January, but below the all-time highs.

The U.S. beef stocks in cold storage totaled 518.5 million lb. on January 31, 2016, up 1.2 per cent from 512.5 million lb. on December 31, 2015, and up 5.4 per cent from 492.0 million lb. on January 31, 2015. U.S. beef stocks in cold storage at the end of January 2016 were at their maximum levels for January compared to the previous ten years, and close to the overall ten year highs.

Total pork, beef, chicken and turkey in cold storage on January 31, 2016 were at 2.270 billion lb., above the ten year highs for January, but still below the highs of 2.4 billion lb. in September 2015.

United States Stocks in Cold Storage (Frozen)

	1,000 Pounds		
Commodity	**31-Jan-2015**	**31-Dec-2015**	**31-Jan-2016**
Pork	595,673	545,696	637,036
Beef	491,997	512,524	518,463
Chicken	730,728	861,639	824,814
Turkey	280,400	201,011	289,695
Total Combined	**2,098,798**	**2,120,870**	**2,270,008**

Source: NASS

According to Statistics Canada data, Canadian domestic exports of pork and pork products for 2015 totaled $3.434 billion dollars, down 7.5 per cent from 2014. While exports by dollar value were lower in 2015 as overall pork prices were lower, Canadian pork exports by volume increased 1.75 per cent in 2015 to 1.173 billion kilograms.

Canadian Domestic Exports of Pork and Pork Products

	Canadian Dollars (Million)				
Country	**2012**	**2013**	**2014**	**2015**	**%**
United States	$981.140	$1,144.586	$1,450.523	$1,495.336	43.5%
Japan	$878.242	$813.224	$951.397	$943.818	27.5%
China	$239.768	$263.065	$207.006	$230.955	6.7%
Mexico	$82.433	$125.042	$189.234	$188.889	5.5%
South Korea	$129.274	$76.146	$97.431	$99.700	2.9%
Australia	$99.338	$99.299	$94.310	$87.765	2.6%
Taiwan	$36.328	$45.798	$55.950	$70.895	2.1%
Philippines	$54.592	$71.082	$48.148	$57.907	1.7%
Hong Kong	$22.007	$23.325	$39.730	$46.511	1.4%
TOTAL	**$3,199.0**	**$3,194.2**	**$3,712.9**	**$3,434.5**	

Source: Statistics Canada, CATSNET Analytics

Canadian Domestic Exports of Pork and Pork Products

	By Quantity (Thousand Kilograms)				
Country	**2012**	**2013**	**2014**	**2015**	**%**
United States	320,419.3	365,590.8	395,313.1	444,511.2	37.9%
Japan	212,698.8	193,034.2	199,830.3	217,731.1	18.6%
China	139,403.0	162,337.2	128,375.5	128,048.0	10.9%
Mexico	60,940.6	84,095.7	104,615.2	124,163.3	10.6%
South Korea	58,923.2	41,314.2	40,323.6	42,023.6	3.6%
Taiwan	19,920.0	29,305.1	27,378.7	40,450.7	3.4%
Philippines	40,545.2	50,859.5	28,193.9	31,960.2	2.7%
Hong Kong	15,055.4	13,208.3	18,305.6	28,371.5	2.4%
Australia	29,201.8	29,280.3	24,272.1	25,769.9	2.2%
TOTAL	**1,189,432.8**	**1,184,158.6**	**1,153,192.5**	**1,173,359.9**	

Source: Statistics Canada, CATSNET Analytics

For more information contact:

Brad Marceniuk, PAg, MSc, BSA
Provincial Livestock Economist
(306) 933-5098
brad.marceniuk@gov.sk.ca